

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 H-03 ABF-01 SS-20 EB-11 INR-10 DRC-01

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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 7385

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FOR NEA/INS KUX

E.O. 11652: N/A - DECLASSIFY ON RECEIPT
TAGS: EFIN, IN
SUBJ: HOUSE-SENATE CONFERENCE ON AID LEGISLATION (BYRD AMEND-
MENT)

PLEASE PASS THE FOLLOWING IDENTICAL MESSAGE FROM ME TO SENATOR
AIKEN AND REPRESENTATIVE MAILLIARD:

"DEAR :

"I APPRECIATE THE UNDERSTANDING YOU DEMONSTRATED IN MY CONVERSA-
TION WITH YOU DURING MY RECENT VISIT TO WASHINGTON ABOUT A
SETTLEMENT OF OUR VAST HOLDING OF INDIAN RUPEES. I EARNESTLY
HOPE YOU WILL VOTE TO DELETE THE BYRD AMENDMENT TO THE AID
BILL SO THAT I MAY GET ON WITH THE JOB.

" AS YOU KNOW, THE ADMINISTRATION HAS WORKED VERY CLOSELY
WITH THE CONGRESS THROUGHOUT THE ATTEMPT TO WORK OUT WITH
THE GOVERNMENT OF INDIA A MUTUALLY ACCEPTABLE SOLUTION TO
THIS IMPORTANT IRRITANT IN UNITED STATES-INDIAN RELATIONS.
IN ACCORDANCE WITH SECTION 104 OF PL-480, THE PRESIDENT WILL
TRANSMIT TO THE SENATE AND HOUSE AGRICULTURE COMMITTEES TMP
TERMS OF THE PROPOSED SETTLEMENT WITH INDIA THIRTY DAYS BEFORE
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ENTERING INTO THE PROPOSED SETTLEMENT. THIS MAKES THE BYRD

AMENDMENT UNNECESSARY, BUT SINCE ITS ADOPTION WOULD REQUIRE FULL SENATE AND HOUSE VOTES, ITS ADOPTION WOULD, AS A PRACTICAL MATTER, END ALL CHANCES TO ENTER INTO A SETTLEMENT.

"IN NEGOTIATING THE AGREEMENT, WE HAVE RESISTED INDIAN ATTEMPTS TO PUT A TIME LIMIT ON THE USE OF OUR RUPEES. AS WE HAVE STRUCTURED THE AGREEMENT, HOWEVER, WE WOULD HAVE ASSURED ACCESS TO LOCAL CURRENCY TO PAY FOR UNITED STATES GOVERNMENT EXPENDITURES IN INDIA AND NEPAL FOR PERHAPS 20 YEARS, DEPENDING ON HOW FAST WE ACTUALLY SPEND THE RUPEES. I DOUBT THAT IT IS REALISTIC TO TRY TO LOOK FURTHER INTO THE FUTURE THAN THIS. I WOULD JUDGE THE PROSPECTS OF IMPROVING OUR RELATIONS WITH THE INDIANS AS BLEAK IF WE DON'T NOW GET A SETTLEMENT OF THE RUPEE ISSUE.

".I WOULD EMPHASIZE THAT THE RUPEE SETTLEMENT HAS NOTHING TO DO WITH INDIA'S DOLLAR DEBTS TO US OF \$3.4 BILLION. INDIA IS PROUD OF ITS "BANKABILITY" AND WOULD FIRMLY EXPECT IT TO CONTINUE TO MEET THESE OBLIGATIONS ON TIME AS IT ALWAYS HAS IN THE PAST." SINCERELY,

DANEIL P. MONYIHAN
MOYNIHAN

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Message Attributes

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